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Fourteenth session

SUMMARY RECORD OF THE 4th MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 27 June 1995, at 3 p.m.

President: Mrs. OK (Turkey)

CONTENTS

Agenda item		*Paragraphs*
-	Tribute to the Memory of Rahim Abid Alkital, Permanent Representative of Iraq to UNIDO	1 - 2
5	Annual Report of the Director-General for 1994 on the activities of the Organization, including progress report on specific activities *(continued)*	3 - 108
6	UNIDO technical cooperation activities in 1994 *(continued)*	

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The meeting was called to order at 3.20 p.m.

TRIBUTE TO THE MEMORY OF RAHIM ABID ALKITAL, PERMANENT REPRESENTATIVE OF IRAQ TO UNIDO

1. **The PRESIDENT** paid tribute to the memory of Rahim Abid Alkital.

2. *At the invitation of the President, the members of the Board observed a minute of silence.*

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1994 ON THE ACTIVITIES OF THE ORGANIZATION, INCLUDING PROGRESS REPORT ON SPECIFIC ACTIVITIES (*continued*) (IDB.14/10, IDB.14/10/Add.1 and Corr.1, IDB.14/10/Add.2 and Corr.1, IDB.14/10/Add.3; IDB.14/CRP.5)

UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1994 (*continued*) (IDB.14/14; IDB.14/CRP.1)

3. **Mr. MARCHAN** (Ecuador) said that the Director-General and the Secretariat were to be congratulated on the Annual Report of UNIDO for 1994 (IDB.14/10) in its new format, which presented a coherent overview of UNIDO's activities for that year and clearly showed that the Organization had decisively implemented far-reaching changes in its management, objectives and priorities. In his delegation's view, those reforms were essential for improving the Organization's effectiveness and would have a positive effect on industrialization programmes carried out in the future.

4. He believed that UNIDO should implement sectoral projects that responded to the requirements of the developing countries. His own country needed access to adequate technologies, local resources to absorb and adapt technologies, and improved efficiency of management. UNIDO should support the establishment and strengthening of standardization bodies that would assist in creating an appropriate infrastructure for the development of the public and private industrial sectors. UNIDO could also provide assistance for activities aimed at improving the quality of production, as under the regional programme for modernizing the capital goods sector in Latin America. The important role played by the private sector in industrial development in the developing countries should be assisted through UNIDO's extensive expertise in the sphere of industry. His own country would benefit greatly from high-level advisory services, supported by field studies, to assist the Government in successfully formulating its privatization policies and in enhancing the effectiveness of the privatization process.

5. Ecuador was interested in the issue of the integration of women in industrial development, and specifically in the application of the UNIDO training programme for women in the mainstream of development.

6. With regard to technical cooperation activities, his delegation hoped that UNIDO would continue to improve the quality of technical cooperation projects, as called for in General Conference resolution GC.5/Res.1. It was significant that representatives from bilateral and multilateral development cooperation agencies had reached a common understanding on the principles of a participatory approach to the management of development cooperation, as developed by UNIDO and the German Agency for Technical Cooperation (GTZ).

7. **Mr. MAZILU** (Romania), referring to the Annual Report of UNIDO for 1994 (IDB.14/10), said that it was gratifying to note that the major areas of UNIDO support had been successfully identified. His delegation considered the assessments and options concerning the regional dimension to be realistic and correct. Moreover, the comprehensive review of UNIDO services showed that the Organization was continuing its efforts towards management reform, in order to enhance its position and fulfil its role as a centre of excellence on industrial development issues.

8. Five years had elapsed since dramatic political changes had taken place in Romania and in other Central and Eastern European countries, and today the democratization of society and the separation of powers were an established fact. Romania's economy had undergone important changes and it was in transition to a market economy. The difficulties of those changes had initially been underestimated, and there had been a steep drop in industrial output, a high rate of inflation and rising unemployment during the period concerned. However, in the first part of 1995, the Romanian economy had recorded a positive growth of 1.2 per cent.

9. As a result of higher interest rates introduced by the National Bank, Romania's economy had continued its trend towards macro-stabilization. Growth in GDP had been 3.4 per cent, compared with 1.5 per cent in 1993, and the inflation rate had fallen to about 69 per cent, compared with over 300 per cent in the previous years. Industrial output had increased by 3.3 per cent in 1994, exports showing 92.6 per cent growth, while the end-of-year trade balance had recorded a surplus of $190 million, compared with a deficit of $1.1 billion in the previous year.

10. The total value of UNIDO projects in Romania had risen to about $1 million by the end of 1994 for all activities included in the work programme of the Joint UNIDO-Romania Centre. A number of technical assistance projects had been financed by the Japanese Government, and the consultancy services provided by UNIDO had provided workable solutions to the technical problems examined. Investment promotion was a further important area in which the Bucharest office of the Joint UNIDO-Romania Centre had been actively involved. A project coordinated by the Investment Promotion Office in Milan had promoted 18 potential projects for Romanian manufacturing companies at the BORITEC Fair in Milan. A project sponsored by the French Government had been concerned with identifying possibilities for cooperation between French investors and Romanian companies in solving environment-related problems or for joint production of equipment used in environmental protection.

11. The Government of the United Kingdom had allocated part of its know-how fund to support Romania's efforts in promoting small and medium-sized enterprises in the industrial sector. The project concerning the promotion of small and medium-sized enterprises had proved most beneficial for his country and for other countries of the region. Other ongoing projects, relating to the restructuring of industry and the promotion of privatization, were also highly appreciated.

12. The Annual Report for 1994 was, in his delegation's view, proof of UNIDO's capacity to adapt to the new economic and political conditions, and the analyses it contained showed that the Organization was ready to face the major challenges of today's world. Also, the new format of the Annual Report made it possible to evaluate the complexity of the tasks facing UNIDO in fulfilling its main objectives. The activities and projects of special interest to Romania were those contained in development objectives 1, 4 and 5 and in the section on private sector development.

13. His delegation had noted with appreciation the progress made towards restructuring UNIDO, and fully supported the changes in the organizational structure and the reform of administrative and management procedures. It also appreciated the efforts of the Director-General to introduce greater accountability and improved quality. His Government was convinced of the importance of regular exchanges of views and monthly briefings for the different geographical groups.

14. **Mrs. TAMAYO DE ARNAL** (Bolivia) said that her delegation welcomed the Annual Report for 1994 (IDB.14/10), which gave a comprehensive account of the action taken as part of the restructuring process approved at the fifth General Conference session.

15. Her delegation believed that industrial development constituted the main engine of growth for countries such as Bolivia, and it fully supported UNIDO's efforts to become a major broker in the promotion of investment for the industrialization of the developing countries. Industrial progress and economic growth through the rational use of natural resources would contribute towards eliminating social inequalities and the poverty affecting large sectors of the populations of the developing countries. Moreover, the opportunities and challenges of industrial competition and the trend towards the globalization and regionalization of the world economy highlighted the importance of international cooperation for the developing world.

16. With regard to UNIDO's contribution to the System-Wide Action Plan on Drug Abuse Control (IDB.14/10/Add.3), her country valued the coordination of activities between UNIDO and the United Nations International Drug Control Programme (UNDCP). Bolivia supported the inclusion of activities for the development of high valued-added agro-industrial products that would enhance the income of farmers in regions producing a surplus of coca leaf, and the identification of local and international market opportunities for the products developed. Agro-industrial enterprise development projects implemented in Bolivia by UNIDO with funds from UNDCP were aimed at achieving a positive impact on surplus coca-leaf producers.

17. Bolivia had developed a strategy for replacing the drug-based economy through the comprehensive development of the affected regions. Through the promotion of sustainable development, conditions must be established for generating alternative sources of income. She urged the international community to support the efforts being made by her country in cooperation with UNIDO and UNDCP, and hoped that the topic would be included on the provisional agenda for the Board's next session.

18. **Mr. ZHANG Guanghui** (China) said that the Annual Report of UNIDO for 1994 (IDB.14/10) was frank, practical and innovative. Compared with previous Annual Reports, it was more focused and succinct and better reflected the activities of the Organization. His delegation noted with satisfaction that, after a year of laborious efforts on the part of UNIDO, the major reform measures it had embarked upon were beginning to produce positive results, although the Organization's financial situation had still not changed significantly and its operations continued to suffer from severe constraints.

However, the Secretariat's determination to proceed further with the reform process gave Member States cause for hope.

19. In the world today, science and technology were continually developing and the pressure of international competition was constantly increasing. Developing countries were thus seeking more than ever to accelerate their own process of industrialization and to integrate their own economic growth and social progress with those of the rest of the world. His delegation regarded UNIDO as the central body for coordinating, within the United Nations system, the promotion of industrial development and technical cooperation. His Government would continue to support UNIDO's efforts to overcome its difficulties, and it urged all Member States to actively support the work of the Organization.

20. Technical cooperation activities had always occupied an important place in UNIDO's operations. It was disturbing to note that technical cooperation delivery had continued to fall over the past four years. His delegation hoped that the Secretariat would continue to implement the measures adopted with a view to increasing the quality of technical cooperation and improving project management.

21. His delegation was pleased to note that the Organization attached due importance to the protection of the environment in technical cooperation activities. The Chinese Government regarded environmental protection as a basic element of national policy and devoted maximum efforts to it. It believed that, for many developing countries, economic development and the elimination of poverty at present constituted the most important goals and should be fully taken into account in the pursuit of solutions to global problems of the environment. UNIDO might encourage the developed countries to provide further resources and to undertake the transfer of technology under favourable conditions, thereby contributing to the industrial development of developing countries and to the protection of the global environment. His Government was currently holding discussions with UNIDO regarding a number of new cooperation projects, and hoped that the Organization would maintain and strengthen its exchanges with the Chinese authorities and the enterprises concerned with a view to pursuing their common objectives in the area of technical cooperation.

22. The agenda of the Fourth World Conference on Women, to be hosted by his Government in September 1995, included the participation of women in industrial development. China appreciated UNIDO's endeavours to assist women of developing countries in becoming involved in the industrial development process and in thus improving their social and economic status. The first phase of the UNIDO-assisted training programme for the participation of women in the modernization process in China had already produced satisfactory results, and his delegation hoped that UNIDO would continue to support the women of the world in their efforts to participate in development on an equal basis.

23. **Mrs. DE PEREZ VENERO** (Observer for Panama) said that, during the recent session of the Programme and Budget Committee, the Secretariat had expressed the view that the points raised in the statement made by Panama concerning staff reductions and other matters was of importance only for Panama because, according to UNIDO, the only Panamanian national on the staff had taken his complaints to the ILO Administrative Tribunal. In fact, the delegation of Panama had been speaking of problems affecting women staff, whereas the pending Administrative Tribunal case concerned a man. The Secretariat had also said that it could not publish a list of staff affected, as requested by the Panamanian Permanent Mission, for reasons of confidentiality. However, the Mission had only asked for a list indicating sex, age, grade, nationality and position in the Organization, not necessarily including the names of the staff members. It had recalled that UNIDO had previously published similar lists which had included names and wondered if they were no longer published because they might be more revealing.

24. The Secretariat had also stated in its reply that it was UNIDO's policy not to divulge information on matters relating to disputes submitted to the Administrative Tribunal. Did that mean that, whenever staff members submitted cases to the Administrative Tribunal, Permanent Missions could not be informed of the matters involved? In any case, the statement of the Panamanian delegation had concerned only the representation of women in senior posts.

25. Nor could the delegation of Panama accept the statement that the chart on page 49 of the Annual Report (IDB.14/10) accurately reflected the facts as they concerned women staff members of UNIDO in 1993 and 1994. That response was typical of the lack of transparency on the part of UNIDO's management, for it was inconsistent with the chart contained on page 98 of the Annual Report of the previous year.

26. That was not the only example of the difficulty of obtaining information from the Secretariat or of contradictions in UNIDO's documentation. The Panamanian Mission hoped that the Board would call for greater transparency from UNIDO's management in future. It was difficult to judge the efficiency of any organization or its effectiveness as a tool for development without it.

27. The Board should urge the Director-General to think only of the welfare of the Organization and complete the reform process so that at least the most important sectors of activity for development might be saved, and UNIDO could receive the full and unreserved support of its Member States.

28. **Mr. JAMAL** (Qatar) expressed his delegation's appreciation of the clearer and more concise format of the Annual Report with its focus on UNIDO's development aims and areas of work. He welcomed the information supplied on recent trends and economic development prospects in the developing countries, but was concerned to note slow growth in Africa, Western Asia and parts of Latin America and the Caribbean. Many developing countries encountered great difficulties in obtaining access to technology, and the obstacles they encountered were reflected in their difficulties in competing in the industrial sphere. They needed help from UNIDO in increasing their development capacities through training, and in modernizing agro-industries and food-processing and manufacturing industries with a view to ensuring sustained economic development.

29. He had noted the emphasis placed in the Report on five development aims, and stressed the importance of developing human resources so that the developing countries might have a pool of skilled workers and technicians able to keep up with scientific and technological progress in industry. He believed that UNIDO should also take steps to encourage producers to be more competitive in international markets, and welcomed the initiative taken to provide consultative services for planning and programming in economies in transition with a view to boosting productivity, especially for export markets, and to attracting capital for production.

30. He commended UNIDO for the services it had rendered Qatar in establishing export and industrial zones and programmes for industrial development planning. It welcomed the information contained in document IDB.14/14 concerning the measures taken to establish quality control for technical cooperation activities and the clear statement of the principles adopted by the Secretariat to ensure quality in all of UNIDO's services. One of the most important aspects of the reform process was that of developing technical cooperation activities with the developing countries. For that purpose, UNIDO should strengthen its representation in the field and bring it in line with the process of change in beneficiary countries. Action could be taken in that respect at both the government level and the level of institutions.

31. His country was concerned by the decrease in funds available for implementation of the UNIDO Country Director programme and the prospect that funds in general might decrease in the future. There was cause for anxiety that UNIDO might not be able to maintain the level of technical cooperation services or to implement planned projects. He urged all Member States, especially the developed Member States, to provide all possible support to UNIDO to enable it to fulfil its noble purpose of promoting the industrial development of the developing countries.

32. **Mr. AHMADI** (Islamic Republic of Iran) welcomed the information contained in the Annual Report for 1994 and the supplementary information supplied on certain segments of the programme and budget with measurable outputs. He welcomed the improved format of the Annual Report and the successful implementation of activities in 1994 which proved that UNIDO had improved its performance and was capable of speeding up the industrialization of the developing countries.

33. Referring to the statistics contained in document IDB.14/10 and the important subject of training, he had noted with regret that only 10 per cent of the total amount of $101 million listed for total project expenditures had been allocated for fellowships and training while 51 per cent had been spent on project personnel expenditure. More funds must be provided for training and human resource development. In addition, he believed that UNIDO must endeavour to enhance cooperation with Member States as one of its main goals, and for that purpose he suggested that the Secretariat should make every effort to reduce the lengthy procedures of the project approval cycle and simplify them; delays in project approval had often affected the launching and implementation of projects.

34. Referring to technical cooperation between UNIDO and his country, he said that an International Forestry Industry Conference had been held at Teheran the previous year, and in late 1993 an international petrochemical industry consultation meeting had been held whose recommendations he hoped UNIDO would implement. His country would also be hosting the twelfth session of the UNIDO Leather Products Industry Panel.

35. A memorandum of understanding had been signed between the Islamic Republic of Iran and UNIDO in January 1994 and, in the light of UNIDO's new structure, he believed that further attention should be paid to following up the provisions of that document. On the basis of the reciprocal commitments set out in the memorandum of understanding, his Government had taken measures concerning projects relating to environmentally sustainable industrial development

within the framework of the Montreal Protocol which it intended to follow up in the future.

36. **Mr. SÖLENDIL** (Turkey) said that his country welcomed UNIDO's contribution to the System-Wide Action Plan on Drug Abuse Control (see document IDB.14/10/Add.3). It believed that the memorandum of understanding signed by UNIDO and UNDCP in October 1994 would strengthen cooperation in reducing the demand for and the supply of drugs through agro-industrial and social reintegration strategies. It hoped that Member States would offer voluntary contributions to UNIDO to strengthen its activities in that area.

37. Turkey had taken part in activities under the Action Plan by conducting a training programme on the small-scale industrial utilization of medicinal and aromatic plants. Participants from ten developing countries had taken part in the course. Training was also provided on the detection and assessment of narcotic drugs and psychotropic substances to enable participants to assist law enforcement bodies in their work. His country had been organizing annual training programmes for almost 20 years on the cement industry, the sugar industry, medicinal and aromatic plants, iron and steel, foundries, fruit and vegetable processing and textile industries.

38. His country fully supported UNIDO's activities in the area of economic and technical cooperation among developing countries (ECDC/TCDC), particularly its training activities in Turkey. The Government was interested in expanding those activities and using the experience gained by the training and technological centres in Turkey as the basis for an international network of centres of excellence.

39. He welcomed the increasing importance accorded by UNIDO to the joint UNIDO/Turkish follow-up and evaluation missions. It welcomed the pilot project for developing an integrated human resource development (HRD) system for the metal industry in Turkey and, in view of the importance of HRD for the countries of the Commonwealth of Independent States (CIS), believed that the possibility of extending such cooperation to selected CIS countries might usefully be explored.

40. His Government was also interested in the UNIDO project for the establishment of cleaner technology centres for the Mediterranean and Black Sea areas and would be ready to host a centre set up in cooperation with UNIDO.

41. His Government welcomed UNIDO's activities related to environmentally sustainable development and the Turkish Ministry of the Environment had recently entered into a process of cooperation with UNIDO in the implementation of the Montreal Protocol, especially with regard to eliminating the use of ozone-depleting substances in the foam sector. It hoped that UNIDO would assist it in preparing projects for submission to the Multilateral Fund for the Implementation of the Montreal Protocol. Turkey had initiated a project jointly with UNIDO on the establishment of a hydrogen technology centre in the country and had contributed $100,000 to it. A feasibility study by UNIDO was currently being evaluated by the Turkish authorities and it was expected that an expert group meeting would subsequently be held to finalize the reports on the project.

42. His country had also noted with satisfaction that the close cooperation existing between the Black Sea Economic Cooperation Council and UNIDO had facilitated the organization of a workshop for the identification, formulation and dissemination of investment project proposals.

43. **Mr. OWIREDU** (Ghana) reaffirmed his country's support for UNIDO in its efforts to promote the industrialization of the developing world. UNIDO required the support of all its Member States. International cooperation provided the best option for peace and progress throughout the world. A great deal of progress had been made through cooperation between Ghana and UNIDO since the thirteenth session of the Board. Some of the activities concerned the textiles and garments subsectors and preparations were under way for implementation of a Strategic Management of Industrial Development (SMID) project.

44. Unfortunately, the developing nations were still severely hampered by their balance-of-payments problems. It was time for the developed countries to consider debt forgiveness as a means whereby the poorer nations might be enabled to make a fresh start towards sustainable development. The issue was becoming more urgent with the entry into force of the Uruguay Round agreements for, although the developing countries were to have easy access to the markets of the advanced countries under the new agreements, their stage of industrialization was not sufficient to allow them to compete on international markets. Industrialization in the developing countries needed to be speeded up to facilitate product development to ISO 9000 standards. It was in that area that aid from donor agencies and developed countries was most urgently required. The existing tariff system, the loss of trade preferences and the customs and language barriers hampering interregional trade further accentuated the problem.

45. In Ghana, rehabilitations, amalgamations, mergers and privatization programmes had been undertaken under the Economic Recovery Programme to revive local

industries in the hope that industry would become the engine of economic growth using private sector investment and initiatives. The private sector was in fact now the engine for economic growth and efforts were being made to give it the necessary support. A private sector round-table group consisting of experts from the private and public sectors had been set up and a complete package of assistance had been received from the World Bank to strengthen scientific and technological institutions, overhaul the legal system with a view to supporting private sector development and rehabilitate the Ghana Trade Fair Authority to make it internationally competitive and commercially viable.

46. Industry must be the engine for growth and substantial national resources needed to be devoted to the process so that industrialization would not create environmental problems. Electricity was becoming increasingly expensive to use and cheaper energy sources must be found. There was also a need for subregional and regional cooperation through organizations such as the Economic Community of West African States.

47. To support all those efforts, he wished to call on the international community as a whole to assist the developing and least developed countries through grants, donations, technical cooperation and direct foreign investment. Ghana's current investment climate was very attractive and the political climate was stable.

48. Current examples of UNIDO projects in Ghana were: advisory assistance for Ghanaian entrepreneurs prior to the investors' forum to be held soon; the strengthening of industrial planning and programming in support of Ghana's industrial sector adjustment programme, advisory assistance for the selection of investors for the utilization of a plantation in Ghana for a pulp and paper mill, the establishment of a national engineering service and training to assist small and medium-sized industries; and the establishment of a computer hardware maintenance unit.

49. Ghana had made great progress in the development of entrepreneurship with the assistance of a government agency and a UNDP-sponsored project. An entrepreneurship programme had been included in the curriculum of first-year university students and UNIDO, through its many training offers, assisted Ghana considerably in that respect. The rehabilitation and modernization of the paper and wood-processing subsectors was also proceeding within the UNIDO policy framework.

50. Ghana supported the current organizational and staff structure but hoped that UNIDO would appoint staff members from countries which had hitherto been underrepresented, especially West African countries. It urged Member States to support all efforts aimed at industrial cooperation and regional consultation among developing countries in general and West African countries in particular. Such efforts might best be fostered through subregional cooperation in organizing seminars and workshops for technical experts.

51. His country fully supported the statements made by the Group of 77 and the Chairman of the African Group to the effect that UNIDO's continued existence was vital for the industrialization of all the developing countries, including the least developed countries, and urged all Member States to give UNIDO the support it deserved.

52. **Mrs. PENSADO MORENO** (Mexico) praised the new format of the Annual Report which better reflected the work carried out by UNIDO, providing a contextual analysis within the global framework of the United Nations system. The change in the nature of the Annual Report showed that UNIDO was adapting itself to the mandates and requirements set out by countries. She particularly welcomed the redistribution of the staffing table, the selective recruitment of staff in areas of specialized technical competence, the redefinition of the functions of the substantive units, the assignment of new tasks in accordance with new objectives, the preparation of a detailed work programme for the current biennium, the identification of new criteria for the establishment of teams and teamwork, the in-depth review and reorientation of guidelines and procedures for the management of UNIDO services to ensure consistency with the objectives and priorities of the Member States and to enhance quality, cost-effectiveness and timely execution, the work done on re-evaluating field representation, and the continued effort to ensure more focus in the new priorities and the orientation of the Organization. She was grateful for UNIDO's response to the request set out in decision IDB.12/Dec.5 and looked forward to the revised guidelines for the service management process. She was grateful for the information regarding technical cooperation projects, and said it would be very useful if the Secretariat could periodically provide Member States with detailed information on the technical cooperation activities UNIDO promoted.

53. **Mr. FISENKA** (Belarus) said that, on the fiftieth anniversary of the founding of the United Nations, there had been a number of appraisals of the United Nations system and its future, but they were not always well founded or correct, and his Government could not agree with the conclusions of the report of the Commission on Global Governance regarding the place and role of UNIDO in the modern world. UNIDO must continue to play an important role in promoting industrial development and cooperation, fulfilling the needs of the developing countries and of the countries with

economies in transition. UNIDO was a unique global intergovernmental forum for the discussion of urgent problems of industrial development and for the elaboration of proposals for their solution. He expressed great regret regarding the intentions of certain major Powers to reduce their financial and other assistance to UNIDO. He noted with satisfaction the reform process which had made possible a number of important changes in the Organization's structure, management, objectives and priorities, and, despite its financial difficulties, UNIDO's reform process should be carried forward. In spite of its own problems, the Government of Belarus was giving active consideration to making its contribution to UNIDO's budget in the near future.

54. He expressed particular support for UNIDO's efforts to promote the establishment of competitive products and effective enterprises in developing countries and countries with economies in transition. The Organization was playing a positive role in the development of international cooperation in the promotion of industrial investment and technologies, and in giving support to the private sector and encouraging effective privatization. It had cooperated with the newly-independent States of Europe with regard to reform of their industrial structure, the environment and energy, and the development of entrepreneurship, to which, in his view, should be added the conversion of the former defence industries in those countries. Belarus was cooperating with UNIDO in a number of important projects, but hoped that those useful contacts would not become bogged down in lengthy bureaucratic procedures, and would rapidly be translated into tangible action; project processing within the UNIDO Secretariat took too long. One chapter of document IDB.14/10/Add.3 concerned UNIDO's contribution to international efforts to mitigate the consequences of the accident at the Chernobyl nuclear power station in 1986. At the beginning of 1994 UNIDO had prepared a report on the state of industry in the areas of Belarus affected by that accident. The report made 19 recommendations, but so far not one of them had been implemented. He hoped that the Secretariat would make efforts to ensure that the proposals were financed, bearing in mind that the tenth anniversary of the Chernobyl accident would be commemorated in April 1996.

55. **Mr. BOERSNER** (Venezuela) welcomed the broad agreement expressed during the session regarding the need to maintain and strengthen UNIDO, and unreservedly supported the statement made by the representatives of the Latin American and Caribbean Group and the Group of 77. The market economy had shown itself to be essential, national economies must be opened up and the importance of the private sector must be enhanced. In that context, Venezuela gave its full support to UNIDO's reform process. However, the historical asymmetries between the industrialized and the non-industrialized countries could not be left uncorrected in the name of unrestricted market freedom, and the necessary political and financial support must be given to sustainable and open industrial development strategies.

56. He congratulated the Secretariat on the detailed and clear format of the Annual Report and other documents. With regard to the information they contained regarding technical cooperation in Latin America, he said that his country was deriving great benefit from UNIDO in its efforts to move from a single-export economy to a multi-export one; it had received advice regarding competition, environmental protection in its aluminium industry, and help with new mining techniques, and it was hoped that assistance would be forthcoming from UNIDO in the development of small and medium-sized enterprises in a number of areas, including agro-industry.

57. With regard to the funding of UNIDO, the attitude of industrialized Powers that were thinking of reducing or eliminating their contributions to the Organization was negative and short-sighted. Failure of the developing countries to industrialize would mean an increase in their levels of poverty and violence and in uncontrolled migration flows. Budget constraints affected all Member States, but enlightened self-interest called for sacrifices. Venezuela was behind with its contributions to UNIDO, but was making a great effort to reduce its debt and believed it had the moral authority to address critical comments at countries of the industrialized world.

58. **Mr. BAJOWA** (Nigeria) commended the Director-General for the improvement in the presentation and format of the Annual Report. He noted the efforts made to boost technical cooperation activities. It was essential that coordination within the Organization in regard to technical cooperation activities should be strengthened. Such continuing coordination would enhance UNIDO's image with recipient countries. He noted with satisfaction the action taken to facilitate implementation of the Second Industrial Development Decade for Africa by posting resources within the Organization.

59. He supported the proposals in document IDB.14/14 regarding improving the quality of technical cooperation, guidelines for the service management process, and country and regional support strategies and programming briefs.

60. **Mr. Seung Kon LEE** (Republic of Korea) said his Government intended to substantially expand the scope of its public development support so that it matched the level of its economic capability. It had established a cooperation fund with the United Nations Economic Commission for Africa to support and strengthen

international efforts for the economic development of that continent, and he believed that his Government could work with UNIDO to give effective support to Africa's development efforts. UNIDO and his Government were jointly organizing a regional workshop on industrial policies and strategies for Africa, to be held at Seoul in the autumn of 1995.

61. The Government of the Republic of Korea was playing an active part in a UNIDO project in Viet Nam entitled "Medium-term Industry and Trade Strategy", and it was expected that a new cooperative arrangement between UNIDO and the Korea International Cooperation Agency would be worked out in the near future. His Government had been active in the implementation of various IDF and Trust Fund projects with UNIDO, and would continue to support the Organization's technical cooperation programmes. There were two areas requiring further special attention on the part of UNIDO in the programming of future technical cooperation activities: human resource development should be given top priority, with bold investment in and vigorous support for basic education and vocational training, and there should be consistent and urgent pursuit of policy objectives for empowering women through the promotion of education for women and increased opportunities for their participation. In most developing countries there was an increasing need to promote agriculture, and in his view UNIDO should contribute more to the development of agriculture-related industries.

62. **Mr. SOKOLOV** (Russian Federation) said that the Annual Report (IDB.14/10) showed what the Secretariat was doing to increase UNIDO's effectiveness within the framework of the United Nations system and to promote the principle of the division of labour between the specialized agencies. A notable new aspect of UNIDO's work was the more active development of programmes to support enhanced competitiveness, primarily in the area of the structural reform of industrial enterprises, privatization, and the development and support of small and medium-sized enterprises. His delegation noted with satisfaction the fact that the Secretariat had been intensifying its work with respect to the problems of countries with economies in transition, supplementing other international efforts on the basis of spheres of competence, comparative advantage and complementarity.

63. The expansion of UNIDO's activity in the area of ecologically safe industrial development was particularly timely, with a shift towards the transfer of environmentally clean technologies, and support for national plans or programmes and specific projects at enterprise level. Such activity should be coordinated as much as possible with similar activities being undertaken in other bodies, and carried out in the framework of existing international conventions, protocols and action plans for environmental protection.

64. The Russian Federation also welcomed UNIDO's new orientation towards human resource development for industry, especially involving the provision of consultation exercises on policy, strategy and methodology, and the encouragement of training to help solve specific problems. Another very important area of cooperation between the Russian Federation and UNIDO was the promotion of industrial investment through the organization of investment forums for the benefit of various regions; two such forums had been held in 1994, and another was soon to be held in Vienna, for the benefit of Siberian regions.

65. His country particularly appreciated the activities of the Secretariat in the development and transfer of technologies, with the establishment of international centres for advanced technologies. UNIDO should do more to strengthen mutually profitable relations between the developing countries and countries with economies in transition with regard to the introduction of advanced technologies. The Russian Federation had considerable experience and potential in various areas of science and technology that were of interest to the developing countries and was ready to contribute to the transfer to such countries of those technologies in the interests of sustainable development. The UNIDO Secretariat had done much to increase the effectiveness of technical assistance to developing countries, especially through the encouragement of interregional and subregional cooperation, and to improve the quality of the development and execution of technical assistance projects. UNIDO had an important role to play in the solution of social problems, for economic growth was not an end in itself; it had to work for the welfare of all mankind. Sustainable, environmentally safe and non-discriminatory industrial development could contribute to the solution of a whole range of problems relating to unemployment, poverty, job creation, the social integration of underprivileged groups of the population, and the expansion of opportunities for women.

66. **Mr. TAYLOR** (International Trade Centre, UNCTAD/GATT) said that the recently created World Trade Organization was a new instrument that would help clarify and make more transparent the rules governing international trade. The International Trade Centre was convinced that if the poorer nations of the world were to participate in the global growth of trade they must be assisted as a matter of priority with well-defined, targeted and efficiently delivered specialized technical assistance to prepare them for the transition. Calls for sustainable human development would be meaningless if expanding world markets and trade failed

to engage the fullest participation of the least developed countries. Efforts to improve market access would be fruitless if there were only a few products for the developing countries to trade in and if they had little or no capacity to buy. Industrial production was of the utmost importance. UNIDO's assistance was more urgently needed than ever if the least developed countries were to be able to produce internationally competitive products and services. It was his hope that the industrialized countries would study current realities and trends and support efforts to bring about a stronger and more relevant UNIDO. There was much to be gained by strengthening joint initiatives between UNIDO and the International Trade Centre in finding common solutions to the complex issues of production and trade in a market-place that was increasingly becoming one without borders.

67. **Mr. DOSHI** (India) praised the form and content of the Annual Report, which he said was clearly a product of the change in approach by the Organization. The year 1994 had been an important year of reform and revitalization in which UNIDO's priorities and activities had become more sharply focused. The five development objectives adopted by the Organization were laudable; among them the areas of special significance were the control of industrial pollution, the development of small and medium-sized enterprises, energy efficiency, investment promotion and technology transfer and the development of the private sector. Inspired by the call for South-South cooperation, India had assisted a large number of countries in the industrial field, and had consistently made a high contribution to IDF. India was also a beneficiary of UNIDO's technical cooperation programmes. In October 1995 the Government of India was hosting a global forum on industry in collaboration with UNIDO, and was looking forward to high-level participation and substantive discussions, with positive contributions that would be useful in shaping UNIDO's core activities. UNIDO was clearly at a crossroads, and the nature of the support and cooperation of Member States would determine the direction the Organization would take. India had noted with concern the fall in expenditure on technical cooperation activities in 1994. The constraints were well known, but the Organization had to continue to play an effective role in technical cooperation, and India was ready as always to participate.

68. **Ms. BESKER** (Observer for Croatia) expressed appreciation for the documentation provided by the Director-General and its improved format.

69. The war in Croatia had caused not only great human suffering but also severe economic, social and cultural disruption, calling for the rapid identification of priority programmes for humanitarian aid, reconstruction and development and for the mobilization of external expert and financial assistance.

70. An excellent relationship had been established between UNIDO and Croatia. Croatia had taken over the agreement between UNDP/UNIDO and the former Yugoslavia and expected that the standard basic cooperation agreement between UNIDO and Member States receiving assistance from UNIDO would soon be ratified.

71. UNIDO had completed the first phase of the project "Timber-frame buildings for emergency shelter" in Croatia, which had been funded by donations from Italy and Japan. The project was part of a larger programme to transfer light timber-frame building technology to Croatia to serve the country's reconstruction needs.

72. Work had also been completed on the project document related to the UNIDO country strategy support programme for Croatia, a crucial part of which was related to assistance to the Government in designing a national industrial strategy and industrial policy. The success of that project would also demonstrate the continuing relevance of UNIDO in the changing international environment.

73. The weaknesses of the country's industrial sector revealed the need for new industrialization based on industrial restructuring, the promotion of small and medium-sized enterprises and human resource development. In evolving that strategy Croatia would need to rely heavily on the assistance of the international community and international organizations such as UNIDO.

74. In view of the importance attached by Croatia to UNIDO assistance, she added her voice to those who had expressed concern regarding the dark clouds hovering over the Organization's future, especially in connection with the report of the Commission on Global Governance. Though there could be no doubt of the urgent need for the re-examination and renewal of the United Nations system in the spirit of the Charter, she did not think that UNIDO's *raison d'être* had disappeared.

75. She recognized the results achieved so far in the reform process and expected that process to be maximized.

76. Since UNIDO had a unique comparative advantage in the context of technical cooperation, her delegation believed that UNIDO's programmes should be improved through the adoption of a strengthened focus. Secondly, the right balance should be struck between the various

divisions in terms of Professional staff and expenditure. Lastly, the utmost should be done to achieve full transparency and accountability.

77. Such steps would strengthen the coherence and effectiveness of UNIDO's technical assistance and cooperation programmes and would enable the Organization fully to meet the objectives of its Constitution and the complex needs of Member States.

78. **Mr. SHAH** (Pakistan) congratulated the Organization on achieving most of its fixed targets while maintaining zero growth in the budget against a background of increasing demand for its services.

79. Since not many developing countries had the technology or financial resources for energy generation, greater emphasis should be placed on the development of that key sector.

80. Developing countries usually had sufficient natural and human resources, but their human resources needed to be developed. In that context, special attention should be paid to the integration of women in industrial development.

81. He commended UNIDO's programme for the transfer of technology for environmentally sustainable industrial development (ESID). His Government had launched a campaign for the protection of the environment which needed international cooperation.

82. It was important to develop small- and medium-scale industry in order to create entrepreneurial opportunities for disadvantaged sections of the population. Since international productivity could be achieved only through the qualitative improvement of industrial productivity, UNIDO should continue to focus on technical cooperation with a view to the promotion of new industrial technologies.

83. **Mr. HOBEICA** (Lebanon) said he was pleased to note the implementation of UNIDO's programme, particularly with regard to projects relating to environmental strategies based on agriculture, investment and technology. With regard to the programme for Arab countries, he noted that 120 projects had been developed but that only 90 had been implemented in 1994. He hoped that the remaining projects would be executed before the end of 1995. Programmes had been planned for advisory services in the context of general policy for Governments and subregional organizations, but none had been implemented.

84. He welcomed the programme of work for the integration of women in the various programmes and subprogrammes and the efforts made to obtain additional resources for activities in the field of drugs.

85. Extrabudgetary resources would have to be found to finance activities in all fields, particularly those related to agriculture and combating drug abuse.

86. **Ms. BATACLAN** (Philippines) asked for detailed information on the direction that the review of the UNIDO guidelines for the service management process was taking, and an explanation of the concept of eliminating steps that had no value added.

87. Reference had been made to the accountability of Governments of Member States in the reform process of UNIDO; that was counterbalanced by the question of the Secretariat's responsibility.

88. She associated herself with the request made by the representative of Mexico for regular reports on technical cooperation activities. She asked what the countries were for which programming briefs had been prepared, and what were the 29 country strategies under preparation. She would also like to know what were the prospects that Member States would be consulted on the preparation of the draft regional strategies and whether the so-called marketing management reports could be made accessible to interested Governments.

89. The nature of the questions she had asked highlighted the need for intensified coordination and consultation with the Governments of Member States, not least through the missions in Vienna.

90. **Mrs. SPILLMANN-STEIB** (Switzerland) said the Annual Report was commendably brief and comprehensive. Her country supported UNIDO's efforts to promote environmentally sustainable development, and regarded initiatives such as China's Agenda 21 programme as precisely the kind of initiative that lay within UNIDO's mandate. In order for developing countries to have market access to industrialized countries, quality management and standardization would become very important, and UNIDO's emphasis on quality certification was therefore most welcome. Implementation of the Montreal Protocol, the Climate Convention and Agenda 21, together with support to developing countries in the application of environmental standards, was a high priority for Switzerland. Finally, she had two questions. Firstly, how many demonstration projects were to be spread to other users, and was there

an attempt to involve industry in the use and implementation of environmentally sound technologies? Secondly, did UNIDO provide further follow-up activities in connection with Techmarts, which enabled partners to establish contact with a view to industrial business collaboration?

91. **Mr. EL GAILANI** (Sudan) commended the Secretariat for the detailed presentation of the performance reports and of the Annual Report. The dynamics of international change placed great responsibility on the shoulders of UNIDO so that it was necessary to benefit from the financial and administrative climate, which had improved markedly in the wake of the reform process. UNIDO must devise new patterns of international cooperation in the field of industrial development to prevent the widening of the gap between the rich and poor countries.

92. The basic framework for the future policies of the Organization would be constituted by work on human resource development, support for small and medium enterprises, industrial investment promotion and privatization.

93. The developing countries, especially the least developed countries, looked forward to receiving a larger share of UNIDO activities in the future. Most of those countries had already made appreciable strides towards preparing the necessary infrastructure in order to keep pace with the industrial development process. Their economies had made the change from domination by the public sector to the fostering of the private sector. The developing countries, especially the least developed countries, relied on the investment and technical services of UNIDO in implementing economic policies for the development of their industrial sectors.

94. He expressed great concern at the weakness of regional activities especially in the African continent, which included more of the least developed countries than any other region. If the present situation continued, it would have grave negative consequences.

95. He urged the Director-General to continue improving the quality of technical cooperation with the least developed countries.

96. **Mr. MPOFU** (Zimbabwe) said his country was opposed to any questioning of the relevance of UNIDO. It was a critical time for the Organization, and Member States owed it to themselves to give UNIDO their firm support to enable it to complete its reform exercise in line with the decisions taken at the fifth General Conference session. He appealed to all Member States to pay their assessed contributions so that UNIDO could continue to provide the services that were required. Zimbabwe had benefited from several UNIDO assistance programmes. For example, the Ministry of Industry and Commerce had been helped in the finalization of its industrial policy strategy. That assistance had been negotiated over a period of almost one year, and his delegation would welcome anything the Director-General could do to secure speedier responses to country requests.

97. In order to enhance effective delivery of its services, UNIDO's field operations should be strengthened. The Organization's reform and restructuring exercise was being undertaken in a transparent manner, but could not be successful without the financial and political support of Member States. He urged the Secretariat to continue with its efforts to mobilize all the support required to achieve the Organization's objectives.

98. **Mr. BENMOUSSA** (Observer for Morocco) said that he wished to react to the remarks that had been made at the first meeting by the delegation of the United States of America in announcing its Government's decision to reduce its contribution to UNIDO.

99. The developing countries were perfectly willing to re-examine the role of UNIDO in the light of new challenges, in cooperation with thier partners in the developed countries. Everyone should realize what UNIDO had achieved and what effects its work had had on the lives of people in the developing countries. UNIDO had achieved its results without any media campaign, but it seemed to need a new image.

100. He wished first to express his firm support for the statements made on behalf of the Group of 77 and of the African Group. He supported UNIDO's efforts to increase its activities and assistance in order to achieve viable industrialization in the developing countries. He supported in particular the organization of the Second Industrial Development Decade for Africa, after the first Decade had not come up to expectations. He also supported UNIDO's activities in cooperation with the Arab Industrial Development and Mining Organization.

101. The remarks that he would make in response to the United States statement should be taken as constructive criticism. The United States had a leadership role and its criticisms were useful. However, the policy of withdrawal from UNESCO, for example, had not brought about any fundamental changes in the role of that organization, even though 30 per cent of the programmes had been eliminated. As far as he knew, when a Member State withdrew from an organization it had to pay all its arrears of contributions to the regular

budget until the close of the subsequent year, or 1996 in the case in point. In that light, he did not see the advantage to the United States of a withdrawal from UNIDO; it would serve neither the United States, nor UNIDO nor the developing countries.

102. With regard to the announced 50 per cent reduction in the United States contribution, he wished to make some remarks about budgetary constraints. His own country was a middle-level developing country and had suffered in the past year from one of the worst droughts in the century. The harvest for the current year would be about one quarter of the average and there would be negative growth of the gross national product. Nevertheless, Morocco had decided to pay all its contributions to UNIDO. If a developing country could do that, it should be all the more possible for a developed country. As had frequently been mentioned, the New York Fire Department had a budget higher than the regular budget of the United Nations, and the budget of UNIDO was smaller still.

103. But there was also a fundamental problem of procedure. He did not think that any of the States represented in the Board was competent to set the level of its own contributions to the budget. That was a collective decision. The United States was represented on the United Nations Advisory Committee on Administrative and Budgetary Questions, and if the United States had requested a reduction of its contribution from the ceiling of 25 per cent to 24 per cent, or 23 per cent, the savings to the United States Administration would have been of such a nature as to satisfy Republican sensitivities in the United States and would certainly have been more than the United States contributions to the budgets of both UNIDO and UNCTAD. It could thus be considered that the decision was a hasty one and that not all avenues had been sufficiently explored.

104. He appealed to the United States delegation to recognize that UNIDO was doing good work for the developing countries and that its assistance was needed, not only in countries with economies in transition but also in China and the member countries of the Group of 77, and especially in Africa, the least developed continent.

105. UNIDO should pursue its work for the developing countries. It should carry out triangular technical assistance, involving the developed countries as donors, some developing countries as intermediaries through South-South cooperation and the least developed countries as net recipients. The services of UNIDO were necessary for that purpose. UNIDO's activities for the promotion of foreign investments were valuable as a vehicle for the transfer of technology without adding to the external debt burden.

106. The recommendations contained in the report of the Commission on Global Governance were comprehensive and UNIDO was not the correct place for their discussion. However, his delegation supported the main thrust of that report in seeking to prepare the world order for the twenty-first century.

107. As an observer State, Morocco would strive, through the good offices of members of the Board, to introduce a passage in every decision adopted by the Board stating that the Board deeply regretted the decision on financial questions announced by the United States delegation on 26 June 1995 and hoped that, by the time of the General Conference session to be held in December 1995, the competent United States authorities would agree to reassess their position in the light of the general debate in the Board and of the general mandate entrusted to UNIDO by the international community.

108. His country suggested that, on the initiative of the Secretariat, a draft declaration, concise in form and friendly in tone, be accepted by consensus, containing a message to the United States Government to be sent through the Mission at Vienna regarding UNIDO, its mandate and its role in sustainable industrial development and the expectation of the international community concerning the question of financial resources, in the context of a year which coincided with the fiftieth anniversary of many international organizations.

The meeting rose at 6.30 p.m.